B3500-1A

ISSN 0015-2757

ECONOMIC INDICATORS

Research Department, First Hawaiian Bank | March/April 1990

The Film and Video Industry in Hawaii

Hawaii's fledgling film and video industry is maturing into an enterprise that puts more diversity into the island economy. Expenditures last year jumped 250 percent to $62 million; no other industry had a higher growth rate. As a comparison, Hawaii's estimated 1989 macadamia nut and coffee production amounted to $54 million. According to the state's Film Industry Branch, the industry's three leading segments were TV series ($27 million), commercials ($20 million) and feature films ($12 million). The total multiplier impact amounted to over $120 million.

The industry is best known for TV series and movie productions. The *Island Son* series filmed in Hawaii until it was canceled in February 1990. *Jake and the Fatman* will continue to film for part of the next season before production moves back to the mainland. Last year, 5 feature films and 6 TV movies were produced in the islands.

TV series productions create a steady flow of economic activity. A series is expected to be in production for at least 3 to 4 years before the producer can earn a profit. Production expenses are higher than the license fee the network pays; profit is generated when the episodes are sold to syndicators as re-runs. Few other industries incur so much cost up front. Viacom Productions Inc., the producer of *Jake and the Fatman*, runs a $200,000 to $300,000 deficit per episode. Viacom spends 60 percent of its budget in Hawaii for wages, services and supplies. However, without another TV series, Hawaii cannot benefit from this kind of spending. But all things considered, movie and TV productions are only a part of the entire industry.

Commercial production has gained in significance over the past decade. Film is used for the higher-budget commercials, while the lower-budget commercials use video. The state's $20 million estimate of expenditures was based on amounts stated in applications for permits issued for use of state administered land in commercials. However, not all projects are done on state land. All commercial projects considered, expenditures could be higher. Some industry participants believe that local commercial productions alone range from $10 to $20 million in value.

The local TV stations were once the dominant participants in commercial production because higher equipment costs kept independents out. However, as equipment costs came down and equipment portability improved, additional production companies have entered the industry.

Foreign commercial production in Hawaii, especially by Japanese producers, has been sizeable. In a survey, Hawaii tied New York for second place in the number of Japanese commercial crews attracted to the United States. Estimated Japanese commercial expenditures in Hawaii ranged from $20 to $25 million for 1989. This money pays for hotels, transportation companies, extras, caterers, grips, equipment rentals, restaurants, location scouts, directors of photography, etc.—all Hawaii-based.

The use of video in commercial production is part of the larger video portion of the industry. This portion includes training and sales videos for local businesses, tourist-oriented tapes of Hawaii and video taping of local events such as the *Honolulu Marathon*.

Resolution of major issues will set the stage for further industry growth. One of the issues to be resolved concerns improvement of the Diamond Head Film Studio. The existing soundstage is a temporary structure built for filming *Hawaii 5-0*, and it needs to be updated. The Legislature appropriated $7 million to be used to add infrastructure (water, sewer, electricity, grade, fill and drainage), one soundstage and landscaping. While the proposed studio upgrade is designed not to block Diamond Head and ocean views, some community opposition to further studio improvements does exist. The Diamond Head location is the preferred site by major film producers.

In another issue, the Japanese commercial season did not get off to a good start this year. Due to a change in U.S. visa policy, foreign crews must now enter Hawaii with an H-2B visa, requiring Labor Department certification that the foreign crews' jobs are temporary and that no American workers are being displaced. At the start of the season, processing this certification took up to 2 months, but now it is down to 3 to 4 weeks. It used to take only 7 days, which kept Hawaii competitive with other locations such as Australia. Much Japanese business this year did not come to Hawaii.

A final issue concerns upgrading the industry's educational opportunities for Hawaii residents. The Education Task Force of the Governor's Committee on Film and Video reported that Hawaii is the only state not to have a degree program in film and video. Leeward Community College has a certificate program in TV production. The Task Force recommended that the University of Hawaii create a Bachelor of Arts program in film and video, emphasizing the artistic production side of the industry.

Hawaii's role in the film and video industry has been to supply the location, personnel and equipment. The islands offer a variety of sceneries, all within a relatively short distance. The pieces for a first-rate filming environment merely need to be assembled. Improving the film studio, shortening the visa process and increasing the educational opportunities for this industry will combine to create a favorable impact on the state's economy.

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MARCH/APRIL FEATURE STORY: THE COFFEE INDUSTRY IN HAWAII

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CURRENT BUSINESS TRENDS

The Hawaiian economy grew at a moderate pace through January. Gross business receipts, an indicator of overall business activity, grew by 15 percent to $4 billion. Gross business receipts for Oahu and Kauai both increased by 16 percent. The Big Island and Maui County reported increases of 7 and 3 percent, respectively.

Hawaii's unemployment rate for January held steady from last year at 2.9 percent. The islands' unemployment rate is still below the national average rate of 5.3 percent.

Kauai County had the highest unemployment rate of 3.8 percent, identical to the same period last year. Oahu had the lowest unemployment rate at 2.7 percent. Maui County's unemployment rate increased by 0.2 percentage point to 2.9 percent. The Big Island unemployment rate declined by 1.4 percentage points to 3.5 percent.

The number of civilians employed in January increased by 2 percent from 497,250 persons in the previous year to 509,100 persons. The number of unemployed decreased by 16 percent from 17,850 persons to 15,050 persons.

The total job count for January stood at 558,750 jobs, up by 6 percent from a year ago. All counties experienced job count increases. The job counts of Maui and Kauai Counties increased by 8 and 7 percent, respectively. The Big Island and Oahu showed increases of 6 percent each.

The visitor industry showed modest gains in January. The total visitor count grew by 2 percent to 573,970 persons. While the westbound visitor count decreased by 2 percent to 378,960 persons, the eastbound visitor arrivals increased by 10 percent to 195,010 persons.

The Big Island was the only county to post an increase in the number of westbound visitor arrivals. The visitor

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	4th Qtr.	5,337.6r	1.1	6.4
In 1982 Dollars	bil. $	4th Qtr.	4,172.4r	0.2	2.5
PERSONAL INCOME**	bil. $	Jan.	4,602.5p	0.8	7.7
INTEREST RATES					
AVERAGE PRIME RATE	percent	Feb.	10.00	−1.1	−8.5
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	Jan.	424.0p	1.8	0.2
CONSTRUCTION COST INDEXES:					
Residences	1982 = 100	Nov.	128.8	0.1'	4.1
Apts., Hotels, Office Bldgs.	1982 = 100	Nov.	125.5	0.0'	3.3
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	Jan.	117,863	0.0	1.0
UNEMPLOYMENT*	thous.	Jan.	6,535	−1.8	−1.4
UNEMPLOYMENT RATE*	percent	Jan.	5.3	0.0	0.0
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1982-84 = 100	Jan.	125.9	1.0	4.8
All Urban Consumers	1982-84 = 100	Jan.	127.4	1.0	5.2
PRODUCER PRICE INDEXES:					
Finished Goods*	1982 = 100	Jan.	117.6	1.8	5.8
All Commodities	1982 = 100	Dec.	113.0	0.3	3.7

r = revised **Seasonally adjusted*
p = preliminary ***Seasonally adjusted at annual rates*
'Compared to July, 1989

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.	4,177.0	.....	−15.0
Oahu	mil. $	Jan.	3,706.7	.....	16.1
Maui County	mil. $	Jan.	189.1	.....	2.9
Hawaii	mil. $	Jan.	209.1	.....	7.1
Kauai	mil. $	Jan.	72.1	.....	15.5
DIVERSIFIED MANUFACTURING	mil. $	Jan.	76.8	.....	−7.6
DIVERSIFIED AGRICULTURE	mil. $	Jan.	38.8	.....	5.1
RETAILING	mil. $	Jan.	1,445.8	.....	13.3
WHOLESALING	mil. $	Jan.	1,132.3	.....	11.1
SERVICES	mil. $	Jan.	931.2	.....	20.6
OAHU NEW CAR SALES	number	Jan.	3,352	.....	−14.6
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1982-84 = 100	Dec.	132.0	3.6	6.0
All Urban Consumers	1982-84 = 100	Dec.	131.1	3.7	6.2
TOURISM					
VISITOR EXPENDITURES	mil. $	1989	na	.....	.....
OVERNIGHT OR LONGER VISITORS	number	Jan.	573,970p	0.3	1.9
Westbound	number	Jan.	378,960p	−1.4	−2.0
Eastbound	number	Jan.	195,010p	3.7	10.3
AVERAGE DAILY VISITOR CENSUS	number	Jan.	135,690p	3.2	5.9
AVERAGE LENGTH OF STAY	no. of days	Jan.	11.1p	4.7	0.0
MEETING ATTENDANCE	number	Dec.	24,884	−47.4	−43.0
ORGANIZED GROUP TOURS	number	Jan.	55,530p	44.7	−19.3
VISITOR COUNT BY COUNTY[2]					
Oahu	number	Jan.	245,230p	−3.2	−6.1
Maui County	number	Jan.	150,530p	−0.5	−8.3
Hawaii	number	Jan.	84,640p	10.3	8.9
Kauai	number	Jan.	76,160p	1.2	−13.2

p = preliminary *'Compared to 2nd Half 1988*
[2]Estimated Westbound
**Group Only*

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb. 1989	68,189	.....	−1.2
Oahu	number	Feb. 1989	36,739	.....	−2.9
Waikiki	number	Feb. 1989	32,743	.....	−2.7
Maui (Island)	number	Feb. 1989	15,444	.....	5.8
Molokai	number	Feb. 1989	574	.....	1.2
Lanai	number	Feb. 1989	10	.....	0.0
Hawaii	number	Feb. 1989	8,171	.....	−7.4
Kauai	number	Feb. 1989	7,251	.....	1.0
HOTEL OCCUPANCY:					
STATE	percent	Jan.	80.9	9.3	−1.3
Oahu	percent	Jan.	90.7	9.1	−2.1
Maui (Island)	percent	Jan.	67.3	11.8	−2.2
Hawaii	percent	Jan.	70.7	21.9	19.2
Kauai	percent	Jan.	59.1	1.7	−11.0
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 3rd Qtr.	1,604.5	.....	6.8
Military Payroll	mil. $	Yr. to 3rd Qtr.	724.9	.....	7.4
Civilian Payroll	mil. $	Yr. to 3rd Qtr.	514.7	.....	5.1
Local Purchases	mil. $	Yr. to 3rd Qtr.	364.9	.....	8.1
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1988	209.9	.....	−3.7
SUGAR PRODUCTION	thous. tons	Jan.	9.0	.....	−26.3
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Feb.	458.8p	.....	4.0
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1989	95,448	.....	−11.1
FRESH	thous. lbs.	Jan.-Feb.	40,541	.....	−2.7
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1988	168,167	.....	10.4
FLOWERS & NURSERY PRODUCTS	thous. $	1988	59,646	.....	9.0
Anthurium Outshipments[1]	th. dozens	Dec.	68.0	−2.4	−26.8
Potted Foliage Plants	thous. $	1988	12,424	.....	−6.8
FRUITS & NUTS	thous. $	1988	61,427	.....	15.2
Papaya Sales	th. lbs.	Jan.	5,080	−16.3	14.8
Average Farm Price	cents/lb.	Jan.	21.0p	20.0	−2.3
Macadamia Nut Sales (in shell)	th. lbs.	1989	51,000e	.....	12.1
Average Farm Price	cents/lb.	1989	89.0	.....	−1.1
VEGETABLES AND MELONS[4]	th. lbs.	Feb.	7,588p	.....	3.4
LIVESTOCK	thous. $	1988	88,620	.....	1.0
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Dec.	2,870	11.2	4.7
Average Farm Price (Feedlot Beef)	cents/lb.	Dec.	91.0p	0.6	−2.2
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Dec.	660	27.4	−2.9
Average Farm Price	cents/lb.	Dec.	104.5p	0.5	−2.3
MILK PRODUCTION	mil. lbs.	Jan.	13.2	.....	−2.2
Average Price Sold to Plants	$/100 lbs.	Jan.	20.77	0.1	−1.2
EGG PRODUCTION	mil.	Jan.	19.5	.....	6.6
Average Farm Price	cents/doz.	Jan.	85.5	0.6	14.0
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Feb.	1,355.0	.....	2.3
GAS SALES	th. therms.	Jan.-Feb.	9,410	.....	10.2
TELEPHONE LINES IN SERVICE	thous.	Jan.-Feb.	559.9	.....	4.8

p = preliminary.
[1]Excludes Naval contract purchases from vendors in the State of Hawaii.
[4]From Hawaii County.
[4]Includes snap beans, cabbage, celery, sweet corn, cucumber, onions, green peppers, tomatoes, and watermelons.

count for the Big Island increased by 9 percent to 84,640 persons. Kauai County saw the largest decline, dropping by 13 percent to 76,160 visitors. The Oahu and Maui County westbound visitor counts declined by 6 and 8 percent, respectively, to 245,230 and 150,530 persons.

In spite of the increased visitor count, the statewide hotel occupancy rate declined by 1 percent for January. This discrepancy was reportedly due to a rise in the number of visitors staying with friends, relatives or utilizing other alternative accommodations.

Oahu had the highest occupancy rate of 91 percent, representing a 2 percentage point decline. Kauai had the lowest occupancy rate of 59 percent, down by 7 percentage points from the previous year. Maui also posted a 2 percentage point decline, resulting in a 67 percent occupancy rate. However, the Big Island hotels experienced a 12 percentage point increase to a 71 percent occupancy rate.

In the beginning of March, a statewide hotel workers strike affecting 11 hotels, 8 on Oahu and 3 on the Neighbor Islands, emerged as a major disruption for the visitor industry. The strike lasted for 22 days. At press time, it was too early to calculate the total impact of the strike on tourism. However, given the length of the strike, the impact is expected to be minor.

Heavy rainfall in the first two months of the year resulted in a mixed performance for the state's agriculture industry. Fresh pineapple shipments through February decreased by 3 percent to 41 million tons. Sugar production for January fell by 26 percent to 9,000 tons. The average New York raw sugar price through February increased by 4 percent to $459 per ton.

Papaya sales for January were ahead by 15 percent to 5 million pounds. However, the average papaya farm price was marginally lower at 21 cents per pound. Production of vegetables and melons through February rose by 3 percent to 8 million pounds from a year ago. The anthurium industry experienced a decline in 1989. Cumulative outshipments of anthuriums through December were down by 27 percent to 893,500 dozens.

The construction industry showed signs of continued growth in January. Construction put-in-place rose by 31 percent to $321 million.

Private permits authorized, an indicator of future construction activity, increased for all counties. While residential permits authorized for Oahu rose by 22 percent to $39 million, nonresidential permits declined by 37 per-

cent to $18 million.

Residential permits authorized for Maui County dropped by 4 percent to $14 million, but non-residential permits authorized increased by 44 percent to $5 million. For the Big Island, residential and non-residential permits increased by 57 and 19 percent, respectively, to $16 and $6 million. Likewise, residential permits for Kauai increased by 94 percent to $13 million, while non-residential permits authorized rose by 40 percent to $4 million.

Public sector construction through February declined by 19 percent to $109 million. Public contracts awarded by the federal and state governments increased by 8 and 14 percent, respectively, while county government contracts declined by 42 percent.

Oahu experienced a 37 percent decline in public construction contracts over the same period last year to $77 million. Kauai County posted the largest increase of 607 percent to $19 million. Maui County saw a 45 percent increase to $12 million. The Big Island's public contracts dropped 47 percent to $1 million.

Hawaii's real estate industry continued to grow in January. The number of single-family home resales increased by 20 percent over last year, while condominium resales climbed by 37 percent. The average prices of a single-family home and condominium unit rose by 49 and 23 percent, respectively, to $376,645 and $183,809.

The average price of a single-family unit on Oahu increased by 62 percent to $456,890. Maui County experienced a 59 percent increase to $358,303 in the average price of a single-family unit. The Big Island had the lowest average single-family home price of $196,040, reflecting a 4 percent increase. On Kauai, the average price of a single-family unit declined by 11 percent to $239,083.

Maui County had the highest average condominium price of $214,118, reflecting a 15 percent increase. The average condominium price on Oahu and Kauai increased by 31 and 7 percent, respectively, to $184,895 and $161,471. However, the Big Island saw an 11 percent decline to $123,283.

Hawaii's financial activity for January remained strong. Total deposits increased by 21 percent to $12 billion, with all counties reporting increases over the previous year.

Tax collections, an indicator of the overall pace of business activity, showed negligible growth compared to January. Tax collections increased marginally to $247 million.

business activity in hawaii [cont.]

Series		Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE						
STATE:		mil. $	Jan.	321,055	.....	31.2
Oahu		mil. $	Jan.	278,791	.....	30.9
Maui County		thous. $	Jan.	18,253	.....	34.5
Hawaii		thous. $	Jan.	17,942	.....	30.2
Kauai		thous. $	Jan.	6,069	.....	42.2
HONOLULU CONSTRUCTION COST INDEXES						
SINGLE FAMILY		1982 = 100	Feb.	140.7	0.1	2.0
HIGH-RISE		1982 = 100	Feb.	135.7	0.0	2.6
PRIVATE PERMITS AUTHORIZED						
STATE:	RESIDENTIAL	thous. $	Jan.	82,757p	.....	29.3
	Single Family Units	number	Jan.	624p	.....	37.7
	Multiple Family Units	number	Jan.	133p	.....	−21.3
	NONRESIDENTIAL	thous. $	Jan.	32,346p	.....	−17.7
OAHU:	RESIDENTIAL	thous. $	Jan.	39,263	.....	22.0
	Single Family Units	number	Jan.	223	.....	19.3
	Multiple Family Units	number	Jan.	119	.....	−23.7
	NONRESIDENTIAL	thous. $	Jan.	18,141	.....	−36.5
MAUI CO.:	RESIDENTIAL	thous. $	Jan.	13,964p	.....	−4.5
	Single Family Units	number	Jan.	114p	.....	20.0
	Multiple Family Units	number	Jan.	2p	.....	−50.0
	NONRESIDENTIAL	thous. $	Jan.	4,840p	.....	44.3
HAWAII:	RESIDENTIAL	thous. $	Jan.	16,145	.....	57.1
	Single Family Units	number	Jan.	197	.....	45.9
	Multiple Family Units	number	Jan.	8	.....	14.3
	NONRESIDENTIAL	thous. $	Jan.	5,771	.....	19.4
KAUAI:	RESIDENTIAL	thous. $	Jan.	13,385p	.....	93.7
	Single Family Units	number	Jan.	90p	.....	150.0
	Multiple Family Units	number	Jan.	4p	.....	100.0
	NONRESIDENTIAL	thous. $	Jan.	3,594p	.....	39.7
PUBLIC CONTRACTS AWARDED						
STATE		thous. $	Jan.-Feb.	109,381	.....	−19.3
Oahu		thous. $	Jan.-Feb.	76,808	.....	−37.1
Maui County		thous. $	Jan.-Feb.	12,374	.....	44.6
Hawaii		thous. $	Jan.-Feb.	1,164	.....	−47.3
Kauai		thous. $	Jan.-Feb.	19,033	.....	606.8
BY LEVEL OF GOVERNMENT						
Federal		thous. $	Jan.-Feb.	20,622	.....	7.6
State		thous. $	Jan.-Feb.	43,239	.....	14.1
County		thous. $	Jan.-Feb.	45,520	.....	−42.1
REAL ESTATE RESALES						
STATE:	Single Family	number	Jan.	360	.....	20.0
	Average Price	dollars	Jan.	376,645	.....	49.2
	Condominium	number	Jan.	702	.....	36.8
	Average Price	dollars	Jan.	183,809	.....	22.5
OAHU:	Single Family	number	Jan.	227	.....	38.4
	Average Price	dollars	Jan.	456,890	.....	61.6
	Condominium	number	Jan.	516	.....	38.0
	Average Price	dollars	Jan.	184,895	.....	31.1
MAUI CO.:	Single Family	number	Jan.	31	.....	−18.4
	Average Price	dollars	Jan.	358,303	.....	59.0
	Condominium	number	Jan.	106	.....	29.3
	Average Price	dollars	Jan.	214,118	.....	14.7
HAWAII:	Single Family	number	Jan.	84	.....	23.5
	Average Price	dollars	Jan.	196,040	.....	4.4
	Condominium	number	Jan.	52	.....	73.3
	Average Price	dollars	Jan.	123,283	.....	−23.3
KAUAI:	Single Family	number	Jan.	18	.....	−40.0
	Average Price	dollars	Jan.	239,083	.....	−10.8
	Condominium	number	Jan.	28	.....	3.7
	Average Price	dollars	Jan.	161,471	.....	6.8

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1988	1,218.8p	.....	1.5
Total Resident Population	thous.	July 1, 1988	1,098.2p	.....	1.5
OAHU:					
Total De Facto Population	thous.	July 1, 1988	902.6p	.....	1.2
Total Resident Population	thous.	July 1, 1988	838.5p	.....	1.1
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1988	125.0p	.....	1.8
Total Resident Population	thous.	July 1, 1988	93.0p	.....	3.0
HAWAII:					
Total De Facto Population	thous.	July 1, 1988	126.3p	.....	2.4
Total Resident Population	thous.	July 1, 1988	117.5p	.....	2.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1988	64.9p	.....	3.3
Total Resident Population	thous.	July 1, 1988	49.3p	.....	2.9
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1988	1,041.4p	.....	1.7
MILITARY PERSONNEL:					
STATE	number	July 1, 1989	56,370	.....	−12.0
Ashore	number	July 1, 1989	53,263	.....	−12.1
Afloat	number	July 1, 1989	3,107	.....	−9.5
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1989	60,274	.....	−13.8
FOREIGN IMMIGRATION[1]	number	Jan.	350	.....	8.4

p = preliminary
[1]Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	3rd Qtr.	20,609p	2.6	11.1
EMPLOYMENT INCOME[1]	mil. $	3rd Qtr.	15,880p	2.9	11.6
Manufacturing	mil. $	3rd Qtr.	635p	1.3	3.8
Construction & Mining	mil. $	3rd Qtr.	1,440p	4.7	36.2
Wholesale	mil. $	3rd Qtr.	627p	2.8	13.0
Retail	mil. $	3rd Qtr.	1,858p	2.1	11.2
Finance, Ins., & Real Estate	mil. $	3rd Qtr.	1,141p	4.0	13.3
Trans., Comm., & Util.	mil. $	3rd Qtr.	1,276p	2.8	5.3
Services	mil. $	3rd Qtr.	4,407p	5.7	14.1
Farm & Other	mil. $	3rd Qtr.	335p	−4.3	−5.1
Federal Civilian	mil. $	3rd Qtr.	1,104p	0.6	5.2
Federal Military	mil. $	3rd Qtr.	1,398p	0.0	3.2
State & Local	mil. $	3rd Qtr.	1,640p	1.0	10.7
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	3rd Qtr.	3,124p	1.7	13.3
TRANSFER PAYMENTS ($2,656 minus personal contributions for social insurance $1,051)	mil. $	3rd Qtr.	1,605p	0.9	2.9
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1988	16,753	.....	7.6
Oahu	dollars	1987	16,412	.....	7.0
Maui County	dollars	1987	14,352	.....	5.8
Hawaii	dollars	1987	12,455	.....	6.3
Kauai	dollars	1987	13,085	.....	6.0

***Total personal income and all components are seasonally adjusted at annual rates.*
[1]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

AWAIIAN BANK

The Coffee Industry in Hawaii

As Hawaii turns to diversified agriculture to reduce its dependence on the sugar and pineapple industries, coffee is showing promising signs of becoming a larger contributor to the state's diversified agricultural industry. Hawaii's present coffee industry, which consists primarily of Kona coffee, has gained worldwide recognition for its high quality and superior taste.

New ventures on Kauai, Molokai and Maui have entered the coffee scene, and their production could overtake the Kona crop in a few years. This makes coffee a state product and not just a Kona specialty.

At the turn of the century, coffee was the state's largest diversified crop with over 13,000 acres planted on all islands. By 1980, competing uses of land and other job opportunities for coffee farmers had reduced the industry to fewer than 2,000 acres farmed in Kona.

During the 1980s, the Kona coffee industry experienced a turnaround due to aggressive marketing and a booming gourmet coffee market. From 1980 to 1989, total crop acreage expanded by 58 percent from 1,900 acres to 3,000 acres. During the 1989-90 season, 400 new acres of coffee were planted, the majority on Kauai. This increased the total crop acreage by over 15 percent from the previous season.

The Hawaii Agricultural Statistics Service expects that the coffee production for the 1989-90 season will increase by 10 percent and total over 2 million pounds (parchment equivalent). Although this is far below the all time high of 3 million pounds harvested in 1986-87, the farm value of this season's harvest is expected to reach a record high of $9 million. This represents a 35 percent increase over the 1988-89 crop when coffee ranked as the eighth largest cash crop in the islands.

Hawaii is a relatively small player in the world coffee market. Total state production is less than one-tenth of one percent of world production. Based on 1989-90 estimates, Hawaii will produce just under 17,000 bags of coffee (one bag equals 132 pounds), compared to an expected total world production of 94 million bags. Brazil and Colombia, the top two coffee growing countries, are expected to produce 25 million and 13 million bags, respectively.

The U.S. is the largest importer of coffee; over 17 million bags of green coffee (dried and husked) were imported in 1989-90. While the U.S. consumes about 60 percent of the world's coffee, health concerns and increased popularity of substitute beverages have led to a decline in the U.S. coffee con-

sumption. Between 1984 and 1988, the average number of cups of coffee consumed per person fell by 16 percent.

Despite the decline in U.S. coffee consumption, the popularity of gourmet coffee has grown rapidly. U.S. sales of gourmet and specialty coffee have increased by 25 percent per year since 1975. In 1988, total gourmet coffee sales reached $600 million.

The strength of the gourmet coffee market sent prices of high quality and specialty blends soaring even while world coffee commodity prices declined. In July 1989, coffee commodity prices fell after the International Coffee Organization (ICO) suspended all coffee export quotas. Countries then exported surplus coffee into an over supplied market. The average coffee price for November 1989, dropped to $.62 per pound, less than half of the January, 1989 average price of $1.27 per pound.

The Kona coffee industry was not affected by the ICO action. Instead, it expects a record average farm price of $4.05 per pound (parchment equivalent) for the 1989-90 season; the second highest price following the high quality Jamaica Blue Mountain coffee.

The Kona coffee industry has wrestled with defining Kona coffee. No standards exist which regulate the percentage of Kona coffee beans required in coffee labeled "Kona Blend." Thus, a blend containing one percent Kona coffee could still be marketed as a "Kona Blend." Also of concern is "Kona Style" coffee which may taste like Kona coffee but contains no Kona coffee beans. Industry leaders feel that such unregulated marketing practices could compromise the reputation of high quality Kona coffee.

Hawaii's coffee industry has expanded to other parts of the state. On Kauai, McBryde Sugar Company, a subsidiary of Alexander & Baldwin, Inc., formed a joint venture called Island Coffee Company with Hills Brothers, Inc. a subsidiary of Nestle S.A., Inc. Under the agreement, McBryde will grow, dry, husk and process the coffee into green beans at a processing plant to be set up at the Numila sugar factory on Kauai. The beans will then be sent to San Francisco where Hills Brothers will roast, grind and market the coffee. The final product is expected to be on the market later this year.

By the end of 1989, McBryde had 1,200 acres of coffee planted between Wahiawa and Kalaheo. McBryde hopes to eventually devote at least 5,000 of its 11,300 acres of sugarcane land to coffee production by the end of 1992.

The level fields once used for sugar make McBryde ideally suited for

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	Jan.	524.2p	−0.9	1.8
Employment	thous.	Jan.	509.1p	−1.4	2.4
Unemployment	thous.	Jan.	15.1p	19.4	−15.7
Unemployment Rate	percent	Jan.	2.9p	20.8	0.0
OAHU:					
Civilian Labor Force	thous.	Jan.	385.8p	−1.0	1.7
Employment	thous.	Jan.	375.3p	−1.6	2.1
Unemployment	thous.	Jan.	10.5p	26.7	−9.1
Unemployment Rate	percent	Jan.	2.7p	28.6	8.0
MAUI COUNTY:					
Civilian Labor Force	thous.	Jan.	53.9p	−1.3	3.6
Employment	thous.	Jan.	52.3p	−0.9	4.0
Unemployment	thous.	Jan.	1.6p	−11.4	−11.4
Unemployment Rate	percent	Jan.	2.9p	−9.4	7.4
HAWAII:					
Civilian Labor Force	thous.	Jan.	57.1p	0.3	0.1
Employment	thous.	Jan.	55.1p	−0.4	2.6
Unemployment	thous.	Jan.	2.0p	21.2	−40.3
Unemployment Rate	percent	Jan.	3.5p	20.7	−28.6
KAUAI:					
Civilian Labor Force	thous.	Jan.	27.5p	−0.7	2.6
Employment	thous.	Jan.	26.4p	−1.1	3.5
Unemployment	thous.	Jan.	1.1p	10.5	−16.0
Unemployment Rate	percent	Jan.	3.8p	11.8	0.0
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	Jan.	558.8p	−0.9	6.1
Oahu	thous.	Jan.	428.3p	−1.2	5.9
Maui County	thous.	Jan.	50.8p	−0.2	7.9
Hawaii	thous.	Jan.	52.9p	0.1	6.3
Kauai	thous.	Jan.	26.9p	−0.4	7.4
SUGAR (Mill and Field)	thous.	Jan.	5.6p	0.9	−11.1
PINEAPPLE (Cannery and Field)	thous.	Jan.	2.9p	−9.4	−15.9
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	Jan.	16.7p	−0.6	−5.1
Durable Goods	thous.	Jan.	4.1p	−2.4	−4.7
Non-Durable Goods	thous.	Jan.	12.6p	0.0	−5.3
Apparel and Textiles	thous.	Jan.	2.4p	0.0	−7.7
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-employed)	thous.	Jan.	7.3p	−3.9	−3.3
CONTRACT CONSTRUCTION	thous.	Jan.	30.3p	−1.8	23.7
TRANSPORTATION	thous.	Jan.	31.0p	−0.8	6.3
COMMUNICATION	thous.	Jan.	7.3p	0.0	2.8
UTILITIES	thous.	Jan.	2.8p	0.0	3.7
RETAIL TRADE	thous.	Jan.	111.8p	−2.0	3.8
WHOLESALE TRADE	thous.	Jan.	22.3p	0.5	8.8
FINANCE, INSURANCE AND REAL ESTATE	thous.	Jan.	35.4p	−0.7	1.0
HOTEL SERVICES—STATE	thous.	Jan.	38.0p	1.1	3.1
Oahu	thous.	Jan.	19.5p	0.5	8.3
Maui County	thous.	Jan.	8.5p	4.9	3.0
Hawaii	thous.	Jan.	6.1p	−0.8	−3.9
Kauai	thous.	Jan.	4.0p	−1.2	−8.1
OTHER SERVICES	thous.	Jan.	110.1p	−0.4	12.3
FEDERAL GOVERNMENT	thous.	Jan.	33.5p	−0.9	0.0
Civilian Agencies	thous.	Jan.	13.7p	−2.1	3.0
Defense Department	thous.	Jan.	19.8p	0.0	−2.0
STATE GOVERNMENT	thous.	Jan.	53.5p	−6.8	3.3
COUNTY GOVERNMENT	thous.	Jan.	13.8p	−0.4	1.8
NON-AGRICULTURE SELF-EMPLOYED	thous.	Jan.	36.6p	8.5	17.7

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
UNEMPLOYMENT INSURANCE					
Insured Unemployment (Wkly Avrg)	number	Feb.	5,501	18.9	4.0
Intrastate Initial Claims	number	Feb.	3,619	44.5	14.7
Interstate Initial Claims	number	Feb.	253	18.9	15.5
Unemployment Insur. Benefits	thous. $	Feb.	3,975	11.4	8.4
INCOME MAINTENANCE:					
Recipients[1]	no. persons	Jan.	51,568	2.2	3.1
Payments	thous. $	Jan.	10,448	.....	15.1
MEDICAL ASSISTANCE:					
Recipients[1]	no. patients	Feb.	51,217	4.5	13.1
Payments	thous. $	Jan.-Feb.	18,888	.....	16.1
FOOD STAMPS:					
Recipients[1]	no. persons	Dec.	79,697	0.2	−1.9
Payments	thous. $	Jan.-Dec.	75,458	.....	−0.3
SERVICES:					
Recipients[1]	no. cases	4th Qtr.	7,067	0.8	7.2
Payments	thous. $	Yr. to 4th Qtr.	30,163	.....	42.3

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	Jan.	11,560.3	−1.1	20.8
Debits To Demand Deposits	mil. $	Jan.	17,047.1	.....	37.3
OAHU:					
Total Deposits	mil. $	Jan.	9,583.7	−1.0	22.6
Debits To Demand Deposits	mil. $	Jan.	15,504.6	.....	39.6
MAUI:					
Total Deposits	mil. $	Jan.	808.5	−0.1	15.0
Debits To Demand Deposits	mil. $	Jan.	648.4	.....	8.3
HAWAII:					
Total Deposits	mil. $	Jan.	795.6	−2.6	18.7
Debits To Demand Deposits	mil. $	Jan.	682.8	.....	45.4
KAUAI:					
Total Deposits	mil. $	Jan.	372.5	−0.4	7.9
Debits To Demand Deposits	mil. $	Jan.	265.3	.....	11.4
BANK LOANS OUTSTANDING STATE:[1]	mil. $	4th Qtr.	8,126.0	5.9	17.4
Real Estate	mil. $	4th Qtr.	3,735.1	4.2	16.4
Consumer	mil. $	4th Qtr.	1,296.7	3.7	7.9
Commerical & Industrial	mil. $	4th Qtr.	2,419.6	8.0	18.3
Other	mil. $	4th Qtr.	509.0	3.6	56.7
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	Dec.	9.5	−4.5	5.6
SAVINGS & LOAN ASSOCIATIONS:[2]					
Total Deposits	mil. $	Nov.	4,900.0	0.6	12.9
Total Loans	mil. $	Nov.	118.0	−31.4	19.8
Mortgage Loans	mil. $	Nov.	100.8	−34.8	21.0
TAX COLLECTIONS:[3]					
STATE	thous. $	Jan.	246,537	15.4	0.1
Oahu	thous. $	Jan.	209,847	14.4	1.9
Maui County	thous. $	Jan.	17,591	40.7	−17.6
Hawaii	thous. $	Jan.	12,821	−3.2	−6.0
Kauai	thous. $	Jan.	6,278	42.6	15.2

[1]Figures contain domestic balances only.
[2]Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[3]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but now collected by the Counties.

mechanical harvesting. In contrast, Kona coffee farms are located mostly on uneven rocky terrain, and beans must be hand picked. The harvester allows McBryde to plant the coffee trees in dense hedgerows to provide maximum utilization of the land and increase the yield. Also, the coffee fields are drip irrigated to insure proper nutrition. Once under full production, McBryde predicts a yield of 2,500 pounds per acre, much higher than the average Kona yield of 1,000 pounds per acre.

Another coffee venture is taking place on Molokai. Hawaii Guarani Plantations, Inc., under the name Coffees of Hawaii, plans to plant coffee on 800 acres of land located around Kualapuu. The company has experimental fields of coffee grown from Kona seeds and is test planting several other imported varieties. Coffees of Hawaii plans to use a mechanical harvester and drip irrigation to insure uniformity in the quality of the beans. Planting is expected to begin later this year.

Amfac/JMB is also involved in experimental coffee plantings. The company is currently test planting several different varieties of coffee on a 10 acre field on Maui, and has smaller experimental fields on the other major islands. Results from taste tests proved the Maui beans to be of good quality. Amfac/JMB plans to begin planting coffee on 50 acres of its Pioneer Mill plantation in Honokawai. If the first planting proves viable, the company will consider expanding its coffee operations on Maui as well as on the other islands.

The new ventures on Kauai, Molokai and Maui have the potential of passing Kona coffee production in a few years. If successful, McBryde, Coffees of Hawaii and Amfac/JMB could overtake the size of the Kona coffee crop and increase the state's coffee industry to 7,500 acres by the end of 1992. By using techniques such as mechanical harvesting and drip irrigation, the new ventures should be able to produce high-yielding quality coffee and help meet the growing demand for Hawaii-grown coffee.

The already successful Kona coffee industry, combined with the ventures on Kauai, Molokai and Maui, provide the state with the opportunity to further enhance Hawaii's reputation as a producer of quality coffee. It will be several years before the full potential of a statewide coffee industry is developed. The next few years will be crucial in determining what impact the Kauai, Molokai and Maui ventures will have on Hawaii's coffee industry, and what role coffee will play in diversifying the state's agriculture industry.

ECONOMIC INDICATORS

A Bimonthly Report on Current Economic Conditions in Hawaii
by the Research Department, First Hawaiian Bank
P.O. Box 3200; Honolulu, Hawaii; 96847
March/April 1990

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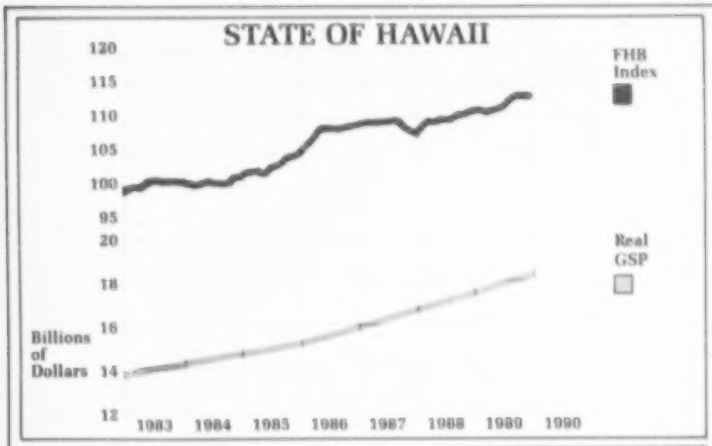

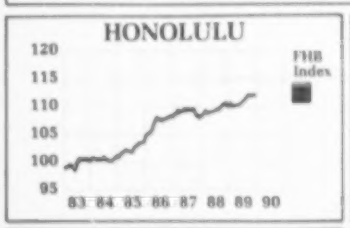

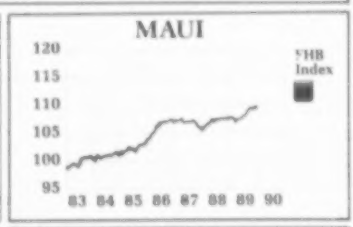

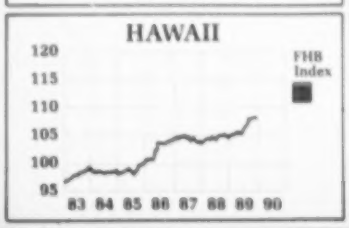

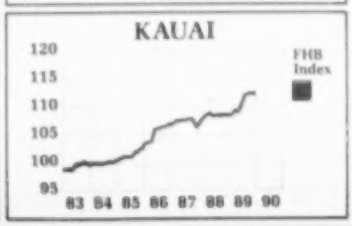

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators declined by 0.4 percent for the month of January, following two consecutive monthly increases. The index is indicating a slowing of economic activity into the second half of 1990. The index components showing strengths, in order of magnitude, were the construction, tourism and interest-rate indicators. The declining components were the inflation, Hawaii-stock, unemployment-insurance-claim, average-workweek-hours, federal money-supply and credit-demand indicators. All county indexes declined, largely affected by four declining state index components commonly used at the county level (average-workweek-hours, inflation, Hawaii-stock and money-supply). Honolulu County showed strengths with the construction indicators, and Hawaii County showed strength with the public-construction and tourism components. All components specific to Maui County rose, and Kauai County showed weakness only with tourism.

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